

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 CIAE-00 INR-07 NSAE-00 PA-02
USIA-15 PRS-01 SP-02 IO-14 COME-00 EB-07 LAB-04
SIL-01 TRSE-00 L-03 NSC-05 CU-04 /076 W
-----030931Z 050407 /15

R 030600Z JUN 77

FM AMCONSUL JOHANNESBURG

TO SECSTATE WASHDC 6138

INFO AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMEMBASSY PRETORIA

UNCLAS SECTION 1 OF 2 JOHANNESBURG 1386

CAPE TOWN ALSO FOR EMBASSY

E.O. 11652: N/A

TAGS: ECAB, EGEN, SF, US

SUBJECT: BLACK NEWSPAPER STORIES ON U.S. COMPANIES - KENTUCKY
FRIED CHICKEN

REF: A. STATE 123295

B. JOHANNESBURG 1364

C. JOHANNESBURG 1292

1. SUMMARY KENTUCKY FRIED CHICKEN SOUTH AFRICA PTY (KFC)
IS A WHOLLY OWNED SUBSIDIARY OF THE U.S. PARENT HEUBLEIN
INTERNATIONAL WHOSE OPERATIONS ARE CONFUSED WITH THOSE OF
47 SOUTH AFRICAN OWNED FRANCHISE HOLDERS IN SUBJECT
NEWSPAPER SERIES. KFC SUGGEST DEPARTMENT CONTACT
B.M. ROWLES OF HUEBLEIN INTERNATIONAL WHO CAN CLARIFY
INACCURACIES. END SUMMARY.
2. KENTUCKY FRIED CHICKEN SOUTH AFRICA, PTY IS A WHOLLY
OWNED SUBSIDIARY OF THE U.S. PARENT HEUBLEIN INTERNATIONAL
WHICH HAS 47 SOUTH AFRICAN OWNED FRANCHISE STORES.
3. FOLLOWING IS FULL TEXT OF MAY 25 ARTICLE IN THE WORLD BY
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ZULUBOY MOLEFE ON KENTUCKY FRIED CHICKEN OPERATIONS IN SOUTH
AFRICA. QUOTE: " MY SON JUST TELL ME WHAT KIND OF PEOPLE ARE
THESE AMERICAN? HOW CAN THEY PAY US SO LITTLE?" ASKED THE
37 YEAR-OLD BOPHELONG TOWNSHIP MOTHER OF SEVEN CHILDREN WITH
DEFEAT, BITTERNESS AND ANGER WRITTEN ON HER WRINKLED FACE.
MRS X (SHE REFUSED TO ALLOW ME TO USE HER NAME) WAS ONE
OF THE FOUR BLACK EMPLOYEES I SPOKE TO AT ONE OF THE KENTUCKY

FRIED CHICKEN CHAIN OF STORES IN THE VAAL COMPLEX.
I WANTED TO KNOW ABOUT THEIR WORKING CONDITIONS AFTER A
NUMBER OF AMERICAN COMPANIES AND THEIR AFFILIATES IN THIS
COUNTRY HAD SIGNED THE " MANIFESTO" OR " STATEMENT OF PRINCIPLES"
(SEE BOX) SETTING OUT THEIR EMPLOYMENT PRACTICES TOWARDS BLACKS.
ACCORDING TO MRS X SHE EARNED R70 PER MONTH. HER HOURS
WERE BACKBREAKING --9 AM TO 8 PM, SIX DAYS A WEEK -- AND SHE
WAS SUPPOSED TO SUPPLY HER OWN OVERALLS AT WORK.
" WHAT KILLS US MOST IS THAT EVERY NIGHT WHEN WE KNOCK OFF
WE HAVE TO PAY UP TO R5 A TRIP TAXI FARE. THERE IS NO
PUBLIC TRANSPORT, LIKE BUSES AT THE TIME WE KNOCK OFF. WHAT
ARE WE SUPPOSED TO EAT FROM OUR LOW SALARIES?" THE WORDS
CAME WITH DIFFICULTY AS SHE LOOKED UP TO THE NEW SIGN ON THE
NEARBY WALL WHICH PROUDLY PROCLAIMED" ... SHOP OPENED IN SOUTH
AFRICA, KENTUCKY FRIED CHICKEN..."
EARLIER I HAD SPOKEN TO ANOTHER WOMAN EMPLOYED AT ANOTHER
VAAL BRANCH OF KENTUCKY FRIED CHICKEN AND HER STORY WAS NEARLY
THE SAME AS THAT OF MRS X.
" YOU ARE SPEAKING TO ME JUST A DAY AFTER ALL THE BLACKS
EMPLOYED HERE HAD APPROACHED MANAGMENT AND ASKED FOR
INCREASES. WE JUST CANNOT LIVE ON WHAT THEY ARE PAYING US",
SAID MISS Y, WHO CLAIMED SHE EARNED R70 A MONTH. THE ONLY
BLACK MALE IN THE STORE EARNED R91 PER MONTH, SHE SAID.
ACCORDING TO MISS Y WHEN THE BLACK EMPLOYEES ASKED FOR
INCREMENTS THEY WERE BLUNTLY TOLD THAT INSTRUCTIONS FROM THE
FIRM'S JOHANNESBURG HEADQUARTERS FORBADE HIGHER SALARIES.
WERE THE BLACKS IN THE STORE EXPLOITED? " YES, OF
COURSE. WHAT ELSE DO YOU CALL THAT? THESE PEOPLE ARE
TAKING ADVANTAGE OF US. LET US HOPE YOU WILL HELP US. AS
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IT IS WE DO NOT KNOW WHO WILL HELP US", SHE REPLIED.

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UNCLAS SECTION 2 OF 2 JOHANNESBURG 1386

E.O. 11652: N/A
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FRIED CHICKEN

REF: A. STATE 123295
B. JOHANNESBURG 1364
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CAPE TOWN ALSO FOR EMBASSY

AT THE KENTUCKY FRIED CHICKEN HEADQUARTERS IN JOHANNESBURG
I SPOKE TO ONE OF THE DIRECTORS, MR. HARRY SCHWAB, WHO WAS
STANDING IN FOR MR. M.L. WARD MANAGING DIRECTOR, WHO WAS
ON LEAVE IN THE UNITED STATES.

ACCORDING TO MR. SCHWAB, HIS COMPANY HAS ONLY 24 STORES
IN SOUTH AFRICA AND THE REST ARE FRANCHISE STORES, NOT
UNDER DIRECT CONTROL OF KENTUCKY FRIED CHICKEN OF THE UNITED
STATES.

" THE VAAL COMPLEX STORES ARE DEFINITELY NOT OUR STORES.
THE FRANCHISE FOR THEM HAS BEEN SOLD. FOR YEARS WE HAVE
OPERATED WITHOUT DISCRIMINATION OF ANY KIND", ADDED MR SCHWAB.
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" IN FACT," HE CONTINUED, " KENTUCKY FRIED CHICKEN ENDORSES
A POLICY OF EQUAL EMPLOYMENT OPPORTUNITIES AND AS A MATTER
OF PRINCIPLE, AND RESPONSIBLE BUSINESS PRACTICE, HIRES
LOCAL NATIONS WHEREVER IT OPERATES.

" OUR EMPLOYMENT POLICY IN SOUTH AFRICA AS WELL AS
ELSEWHERE IN THE WORLD IS BASED ON THE EMPLOYEES' ABILITY
TO PERFORM ASSIGNED DUTIES, IRRESPECTIVE OF THEIR RACE. AS
A RESULT OF OUR EMPLOYMENT POLICY, STAFFS OF KENTUCKY FRIED
CHICKEN IN JOHANNESBURG, PRETORIA AND ELSEWHERE IN SOUTH
AFRICA, INCLUDE ALL ETHNIC GROUPS, RIGHT UP TO STORE MANAGER
LEVEL".

"IN FACT", MR SCHWAB CONTINUED, " THIS POLICY GOES
BACK A NUMBER OF YEARS. IN THE LAST THREE YEARS THE COMPANY
HAS VIGOROUSLY OPTED FOR EQUAL OPPORTUNITIES IN THEIR SOUTH
AFRICAN OPERATIONS.

" WE HAVE AN EDUCATION ASSISTANCE POLICY FOR OUR BLACK
EMPLOYEES IN THE COMPANY, WHEREBY THE COMPANY PAYS A

PROPORTION, OR EVEN THE FULL EDUCATIONAL COSTS OF AN INDIVIDUAL", HE ADDED.

MR SCHWAB ALSO SAID HIS COMPANY HAD PAID FOR THE EDUCATION OF ONE BLACK PERSONNEL OFFICER AND HELPED TWO BLACKS TO STUDY FOR THE BACHELOR OF COMMERCE DEGREES.

"YOU COULD BE MEETING THEM NOW, UNFORTUNATELY THEY HAVE SINCE LEFT OUR EMPLOYMENT. WE HAVE ALSO TRAINED A TRAINING OFFICER, WHO IS RESPONSIBLE FOR THE TRAINING OF OUR KITCHEN STAFF.

" IT WOULD AGAIN INTEREST YOU TO KNOW THAT THIS MAN EARNS THE SAME AS HIS WHITE COUNTERPART," MR SCHWAB CONTINUED. AS A PARTING SHOT, MR SCHWAB SAID: " I MAY ALSO SAY THAT THE PROPORTION BETWEEN BLACK AND WHITE IN OUR OPERATIONS WHO HAVE BEEN ASSISTED IN THEIR TRAINING WOULD FAVOUR BLACKS IN PROPORTION TO WHITES". END QUOTE

4. COMMENT: KENTUCKY FRIED CHICKEN SOUTH AFRICA WAS NOT PLEASED WITH ABOVE ARTICLE BECAUSE IT DOES NOT DISTINGUISH BETWEEN U.S. SUBSIDIARY AND SOUTH AFRICAN OWNED FRANCHISE HOLDERS. ACCORDING TO KFC DIRECTOR HARRY SCHWAB, THE LOWEST UNCLASSIFIED

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WAGE EARNED BY ANY OF ITS 250 TO 300 BLACK EMPLOYEES IS 158 RAND PER MONTH (ONE RAND EQUALS 1.15 DOLLARS) SCHWAB SUGGESTS DEPARTMENT CONTACT MR. B.M. ROWLES AT HEUBLEIN INTERNATIONAL, ONE PROFESSIONAL PARK, FARMINGTON, HARTFORD, CONNETICUT 06032, TELEPHONE 203-677-4061 FOR FURTHER INFORMATION CLARIFYING INACCURACIES IN MOLEFE ARTICLE. REGIAONAL LABOR OFFICER HAS REQUESTED MEETING WITH KFC MANAGING DIRECTOR WARD FOLLOWING HIS RETURN TO JOHANNESBURG NEXT WEEK FOR SIMILAR DISCUSSION. KIRBY

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